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## ENERGY DEPARTMENT

### NOTIFICATION

The 31st March 2010

No. 2633—R. & R.-04/2010-En.—Due to inadequate hydro power generation and outage of thermal power stations, GRIDCO has been supplying power to Discoms by purchasing power from C.P.Ps., overdrawing power from grid and other sources at a high cost. The power purchase cost of GRIDCO has increased substantially which is difficult on their part to meet from their internal resources. Therefore, GRIDCO wants to avail term loan from commercial banks to meet the growing power purchase cost.

GRIDCO has requested the State Government to provide Government Guarantee of Rs. 1000 Cr. for availing funds by way of term loan from Banks/FIs. and/ or through private placement of bonds during the current financial year to meet the resource gap. Accordingly in consultation with Finance Department the matter was placed before the Cabinet in their 6th meeting held on the 20th March 2010 which was approved by them.

Now, in pursuance of the decision of the Cabinet the State Government have been pleased to sanction Government Guarantee to the tune of Rs.1000 Cr. (Rupees one thousand crore only) in favour of GRIDCO to avail funds by way of term loan from Banks/FIs. and/or through private placement of bonds subject to the following conditions:—

- (a) The Guarantee will cover both principal as well as interest payments as a special dispensation.
- (b) The previous guarantee exposure in respect of loan fully repaid by GRIDCO will be surrendered to the Government.
- (c) The repayment of dues of Rs.180.06 Cr. payable to State Government towards 8.5% tax free Government of Orissa special bond may be deferred for a period of 2 (two) years. However, during this moratorium period of two years, GRIDCO will be liable to pay the stipulated penal interest of 10.5% on this defaulted loan. The loan will be repaid by GRIDCO after moratorium period of two years in four equal half-yearly instalments.
- (d) GRIDCO shall open an ESCROW account before making borrowing covered under State Government Guarantee.
- (e) Arrear Guarantee fees, if any, payable by GRIDCO may be paid by the Corporation.

By order of the Governor

P. K. JENA

Commissioner-cum-Secretary to Government